



SOUTHWESTERN *POWER RESOURCES ASSOCIATION*

PARTNERS WITH THE RIVER - HYDROPOWER TO THE PEOPLE

April 5, 2010

Mr. Terry Breyman
Council on Environmental Quality
722 Jackson Place, NW
Washington, DC 20503

REF: "Principles and Standards" Revision

Dear Mr. Breyman:

Southwestern Power Resources Association (SPRA) avails itself of the opportunity to comment on the Council on Environmental Quality's Proposed National Objectives, Principles and Standards for Water and Related Resources Implementation Studies (Proposed P&S). SPRA represents the rural electric cooperatives, municipally owned electric utilities and state power agencies/authorities that purchase the hydroelectric energy and capacity generated at 24 Corps of Engineers multipurpose projects in this region of the country. Consequently, we have an interest in any revisions being considered to the Economic and Environmental Principles and Guidelines for Water and Related Land Resource Implementations Studies (P&G).

We have read and concur with the comments provided by the National Waterways Conference and Southwestern Power Administration, and incorporate them herewith by reference. Rather than gilding the lily by expounding further on these same points, SPRA will direct its additional comments toward other issues within the Proposed P&S.

The Proposed P&S quite properly note that, when finalized and implemented, they would apply to both newly proposed projects and modifications to existing water resource projects.¹ SPRA deals on a regular basis primarily with the latter. The most common project modifications involving the 24 Corps projects from which we purchase hydroelectric energy and capacity involve reallocation of storage, either for municipal and industrial (M&I) water supply or for environmental purposes (such as minimum flow releases).

Storage reallocations at federal projects with dedicated power storage in almost every instance reduce either energy available from the hydropower plant, available capacity, or both. Energy and/or capacity lost due to storage reallocations at federal reservoirs are generally replaced by fossil-fueled generation plants. The fossil-fueled generators replacing the lost hydropower generate greenhouse gases; hydropower plants do not emit greenhouse gases. Thus, reallocation

¹ Proposed P&S, p. 4.

of storage at federal reservoirs that have dedicated power pools in effect trades a clean, renewable resource for an increase in greenhouse gas emissions.

Fortunately, there are storage reallocation alternatives that can avoid or significantly reduce impacts on hydropower. The Proposed P&S would “wherever possible, avoid adverse impacts by ... applying another practicable alternative with less adverse impact.”² The Corps of Engineers operates more than 600 reservoirs in the United States. Only 85 of these projects (less than 14%) include hydropower generation. Of these 85 Corps projects with hydro, less than 40 have dedicated power pools. Thus, where construction of another storage reservoir, or reallocation of storage from an existing Corps reservoir that does not include a dedicated power pool, is practicable, impacts to federal hydropower generation (and the resulting impacts on greenhouse gas emissions) can be avoided.

The Proposed P&S also notes that “If adverse impacts cannot be avoided, then minimize those impacts by modifying the alternative to the extent appropriate and practicable.”³ At Corps projects with dedicated power pools, impacts on federal hydropower can be minimized by reallocated the desired storage from the flood control pool, rather than the conservation pool. Often the Corps does not investigate this option, or dismisses it without significant evaluation. Even a reallocation from the flood control pool, however, will reduce energy and capacity available from the power pool (although substantially less than if the storage were to be reallocated from the power pool) because the reallocation will reduce the dependable yield from the existing storage. Recognizing this, the Corps has a process to compensate existing M&I storage holders in the conservation pool by reallocating enough additional storage from the flood pool to maintain the dependable yield of the existing M&I storage customers. If the same process were used to maintain the dependable yield of the power pool, no capacity would be loss, and energy losses would be reduced to primarily off-peak (and much less valuable) energy. The Corps, however, does not consider providing the same mitigation to hydropower customers that it provides to its M&I storage customers. The result is a loss of clean, renewable energy and an increase in greenhouse gas emissions that otherwise could have been minimized.

The Proposed P&S continues, “If unavoidable adverse impacts remain, then compensatory mitigation is required to the extent practicable. Compensatory mitigation may not substitute for avoiding and minimizing impacts.”⁴ That is exactly SPRA’s position on storage reallocation at federal projects with dedicated power pools. However, it has been our experience that the Corps greatly underestimates the lost energy and capacity associated with such reallocations; greatly underestimates that replacement costs for the lost energy and capacity; and then refuses to provide replacement costs as compensatory mitigation for the duration of the reallocation.

² *Ibid*, p. 10.

³ *Ibid*.

⁴ *Ibid*, p. 11.

The federal hydropower system is unique, in that the Corps (or the Bureau of Reclamation in western states) builds and operates the multipurpose reservoirs (including hydropower generation facilities), but the Department of Energy markets the energy and capacity generated by these other federal agencies. In the case of SPRA's members, Southwestern Power Administration (SWPA), an agency of DOE, markets to us the energy and capacity generated at the 24 Corps hydropower plants in this region. SWPA has had lengthy experience in marketing and purchasing energy and capacity and in scheduling generation at Corps hydro plants to maximize on-peak generation. SWPA's estimates of energy and capacity losses and the replacement costs for these losses more nearly match our estimates than the Corps' estimates do. Fortunately, the Proposed P&S states that "Federal agencies shall collaborate fully on water resources studies with other affected Federal agencies..." including "(s)haring of data, analytical tools, or expertise."⁵ Although SWPA submits its estimates of these impacts to the Corps (which are duly reported in the reports submitted to justify the reallocations), the Corps thumbs its nose at SWPA's expertise in these regards.

Conclusion

SPRA salutes CEQ for the provisions cited above. If adopted, implemented and enforced, they could:

- Guarantee the thorough and fair review of reallocation alternatives that could significantly reduce hydropower energy and capacity losses associated with storage reallocations;
- Minimize impacts to clean, renewable hydropower generation at federal multipurpose resource projects and minimize additional greenhouse gas emissions that would result from replacing lost hydropower energy and capacity with fossil-fueled generation;
- Provide for accurate determination of hydropower energy and capacity losses associated with storage reallocation; and
- Provide for complete and fair monetary compensation to federal hydropower customers when hydro energy and capacity losses cannot be avoided.

However, SPRA notes that the existing P&G pretty much requires the same action, processes and mitigation as the sections of the Proposed P&S cited above. Thus, unless the Executive Office of the President does not take action to strictly enforce these provisions of the Proposed P&S (if adopted), the status quo will be maintained and we will continue to swap clean, renewable hydropower for increased greenhouse gas emissions whenever storage reallocations occur at Corps projects with dedicated power pools. Further, hydropower customers will continue to get short shrift from the Corps, and adequate monetary compensation for unavoidable losses will not be achieved.

⁵ *Ibid*, p. 13.

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Consequently, SPRA urges CEQ to adopt the provisions cited and use its full authority to see that the guidance is fully followed in this respect by the federal water and land resource agencies.

Sincerely,

A handwritten signature in black ink that reads "Ted Coombes". The signature is written in a cursive, flowing style.

Ted Coombes
Executive Director